

Message Text

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 144

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E.O. 11652: N/A

TAGS: ECON, CS

SUBJECT: EMBASSY'S ECONOMIC TRENDS REPORT

REF: STATE 101639

1. AMBASSADOR SILVA'S CONCERN ABOUT A PORTION OF AN ARTICLE IN THE APRIL 28 ISSUE OF COMMERCE TODAY APPEARS TO HAVE COME ABOUT BECAUSE THE DEPARTMENT OF COMMERCE BEGAN ITS ARTICLE WITH PARAGRAPH 3 OF THE EMBASSY'S ECONOMIC TRENDS REPORT, WITHOUT USING PARAGRAPHS ONE AND TWO. SILVA'S POINT THAT THE GOVERNMENT'S ECONOMIC MEASURES WERE OF A CORRECTIVE NATURE DESIGNED TO DEAL WITH DISEQUILIBRIUM IN THE COUNTRY'S BALANCE OF PAYMENTS WAS STATED CLEARLY IN PARAGRAPH 2, "THE GOVERNMENT WAS FORCED TO TAKE RESTRICTIVE MEASURES BEGINNING M M M" PARAGRAPH 3 REPEATS SIMILAR LANGUAGE, "THE GOVERNMENT HAS HAD TO TAKE FURTHER SEVERE MEASURES TO PROTECT ITS BALANCE OF PAYMENTS POSITION . . ."

2. EMBASSY OFFICER HAS DISCUSSED COSTA RICA'S CURRENT ECONOMIC SITUATION WITHIN THE LAST FEW DAYS WITH THE PRESIDENT OF THE COSTA RICA CHAMBER OF COMMERCE, THE PRESIDENT OF THE AMERICAN CHAMBER OF COMMERCE OF

COSTA RICA, AND WITH NUMEROUS BUSINESSMEN, ALL OF LIMITED OFFICIAL USE

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WHOM CONFIRM THAT THE ECONOMY IS NOW IN AN ECONOMIC

SLUMP. OPINIONS DIFFER AS TO HOW SOON THE ECONOMY IS
LIKELY TO RECOVER.

3. ALTHOUGH THE EMBASSY CAN SEE LITTLE SUBSTANCE IN
AMBASSADOR SILVA'S COMPLAINT, IT WOULD BE WILLING

TO MODIFY PARAGRAPH 3 OF THE TRENDS REPORT IN ORDER TO
ELIMINATE THE WORD "STAGNATION," AND TO ADD
A PHRASE THAT THE GOVERNMENT NEEDED TO TAKE STRONG MEASURES
TO DEAL WITH ITS BALANCE OF PAYMENTS SITUATION. THE EMBASSY
WOULD SUGGEST THE FOLLOWING:

1) THAT THE FIRST SENTENCE OF PARAGRAPH 3 BE
MODIFIED TO READ, "THE OUTLOOK FOR 1975 IS FOR A
LEVELING OFF OR DECLINE IN ECONOMIC ACTIVITY."

2) THAT THE LAST SENTENCE OF PARAGRAPH 3 BE
MODIFIED TO READ, "THE STRONG MEASURES WHICH WERE
NEEDED TO DEAL WITH THE BALANCE OF PAYMENTS PROBLEM
ARE LIKELY TO REINFORCE THE TENDENCY TOWARD ECONOMIC DECLINE . . ."

4. AS DEPT AWARE, THE EMBASSY'S ECONOMIC
TRENDS REPORT WAS SUBMITTED ON JANUARY 17 AND HAS NOT
YET BEEN PUBLISHED. EXCESSIVE DELAYS IN PUBLICATION
NOT ONLY RENDER THE REPORT LESS USEFUL BUT ALSO
CREATE A VERY REAL DANGER THAT THE ECONOMIC SITUATION
MIGHT CHANGE SUFFICIENTLY BETWEEN THE TIME IT IS WRITTEN AND
THE TIME IT IS PUBLISHED TO RENDER THE REPORT INACCURATE.

5. THE EMBASSY DOES NOT CONSIDER IT INADVISABLE FOR THE REPORT
TO SAY "PROSPECTS FOR 1975 ARE FOR IMPROVEMENT." AT THIS POINT
WE DO NOT HAVE ANY IDEA, NOR COULD WE HAVE, OF WHAT THE PROS-
PECTS FOR 1976 MIGHT BE. WHEN THE TRENDS REPORT WAS
WRITTEN, IT WAS NECESSARY TO MAKE PROJECTIONS FOR
THE YEAR 1974 ON THE BASIS OF PARTIAL DATA. PROJEC-
TIONS FOR 1975 REPRESENTED A PROJECTION OF 1974
PROJECTIONS, SUPPLEMENTED BY INFORMATION OBTAINED
THROUGH CONVERSATIONS WITH A NUMBER OF KNOWLEDGEABLE
BUSINESSMEN AND OFFICIALS. IT IS CLEARLY TOO EARLY
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TO SAY WHAT THE PROSPECTS MIGHT BE FOR 1976.
TODMAN

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